

anticompetitive effects that arise in today's evolving telecommunications market, where carriers seek entry on both ends of international circuits.^{32/}

While the Commission's primary focus in this proceeding is to evaluate conditions for entry by foreign carriers into the U.S. market, the evaluation cannot proceed in isolation from issues affecting telecommunications markets in the rest of the world. The Commission's policies also should actively promote the interests of U.S. carriers and customers abroad by allowing competition to develop on a global basis. As the NTIA has pointed out "the ability to communicate rapidly, reliably, and inexpensively can be a source of significant competitive advantage for manufacturing or service companies with multinational operations."^{33/} Indeed, as the variety and complexity of business and consumer needs increase, a rigid adherence to outdated policies based on assumptions from a pre-competitive era in international telecommunications will not serve the public interest, but merely will limit new entry into markets formerly dominated by monopoly service providers. The current policy limiting "points beyond" routing only discourages new U.S. entrants from entering new foreign markets, and the result could be a world marketplace dominated by AT&T and a few other carriers allied with foreign PTTs, who then can exercise their market power, albeit in different forms than their current arrangements.

Foreign markets are opening in response to global pressures by governments, businesses and consumers who seek value and variety in service offerings. Technological advances expand the range of service possibilities (and blur) distinctions between historically separated offerings,

^{32/} NPRM at 11, para. 23.

^{33/} NTIA Docket No. 921251-2351, Notice of Inquiry, *Comprehensive Examination of U.S. Regulation of International Telecommunications Services*, 58 Fed. Reg. 4846 (1993) at 4853.

(such as voice, data, and video). The availability of new services in turn stimulates demand for more technological innovation. These forces (of technological advance and consumer preference) place further pressure on policy makers to adopt policies which allow companies to meet strong customer demands for the same efficient, high quality, and affordable service internationally as they have come to expect in the United States.^{34/}

It therefore is in the U.S. public interest to encourage global competition, and not restrict unduly the flexibility of new entrants trying to establish services in foreign markets. The first form of entry permitted in foreign markets generally is resale, similar to the legal/regulatory experience in the U.S. market.^{35/} Allowing initiation of resale within a market permits customers to become familiar with a new entrant, and allows the new entrant to enter a market with lower capital costs than would be required to undertake facilities construction. Therefore, if various global markets will permit entry through some form of resale of services from a third country, the U.S. should permit arrangements allowing U.S.-owned resale carriers and their U.S.-owned foreign affiliates to send or receive traffic from that country, if the traffic is routed through an equivalent country. Encouraging competitive entry through flexible routing arrangements allows U.S. carriers to establish a presence in a foreign market as liberalization occurs in the market. Giving U.S.-owned resale carriers the opportunity to become established in foreign jurisdictions will allow development of increased price and service competition to global alliances and ventures formed by larger facilities-based carriers. The Commission should

^{34/} *Id.*

^{35/} *See Resale & Shared Use*, 60 FCC 2d 261 (1976), *affirmed sub nom. AT&T v. FCC*, 572 F.2d 17 (1978) *cert. denied* 439 U.S. 875 (1978) (decision permitting domestic resale).

permit U.S.-owned resellers to export their expertise, and draw upon their U.S. competitive experience to play a role in promoting further liberalization of foreign markets.

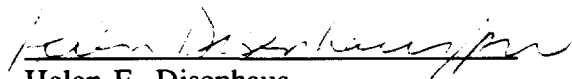
VI. Conclusion

S&B respectfully encourages the Commission to reevaluate its "points beyond" policy, and not continue to assume that the U.S. public interest is congruent with the interests of the large facilities-based carriers who have historical dominance in international service offerings. The American experience teaches us to respect and encourage the scrappy entrepreneur who finds a niche, makes a product better, sells a service for a lower price. It is disingenuous for facilities-based companies to advertise and promote "country direct" arrangements and then argue that the specters of a "settlements deficit" largely of their own creation and "stranded investment" that they have already mothballed should dictate restrictions on flexible routing options.

Wherefore, S&B respectfully encourages the Commission to decide, on an expedited basis in this proceeding, to remove its current restrictions upon routing traffic to "points beyond" deemed to be "equivalent" markets by this Commission. The Commission should issue an order that expressly permits both "equivalent foreign countries and the U.S. to serve as hubs for traffic that is transported to the U.S. or the equivalent country via a private line and continues

to another country. Such action will promote increased liberalization of foreign markets and thereby benefit citizens of the United States, as well as consumers and businesses who use telecommunications services throughout the rest of the world.

Respectfully submitted,



Helen E. Disenhaus

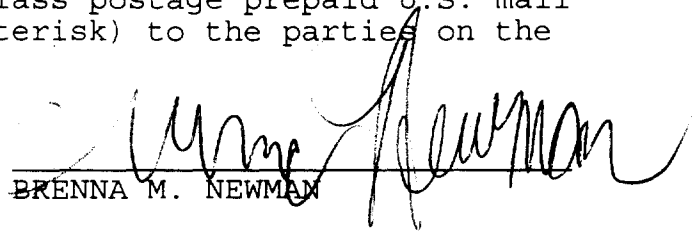
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